

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/12/2012
POSITION: Oppose

BILL NUMBER: SB 1209
AUTHOR: Runner, Sharon

BILL SUMMARY: Vehicles: registration fees: nonresident owners.

This bill would add a surcharge onto the registration fees that nonresidents pay to register a vehicle in California and would direct the proceeds to systems that warn the public of criminal activity.

FISCAL SUMMARY

The Department of Motor Vehicles (DMV) estimates programming costs of \$178,000 to set up its systems to collect and disburse the additional fee. Revenues are estimated at \$1.7 million, which would be divided equally between the California Highway Patrol (CHP) and the Department of Justice (DOJ). The CHP is fully funded for Amber and other threat alert activities within its \$1.9 billion budget. CHP estimates personnel costs of \$189,000 to staff 16 Amber Alerts in 2011.

COMMENTS

Finance is opposed to this bill because of potential constitutional issues. In *Woosley vs. State of California* (1992), the California Supreme Court determined the DMV's practice in the 1970s to charge higher registration fees to vehicles brought in from other states was unconstitutional because charging a different fee to vehicles purchased in another state violated the commerce clause. Additionally, the Court of Appeal, Third Appellate District, upheld a lower court's ruling that charging a smog impact fee to vehicles brought in from another state was unconstitutional. In both cases, California was ordered to pay refunds. Additionally, the state would be preempted from collecting the proposed fees on commercial trucks because California participates in the International Registration Plan (IRP), which provides for a system of registration of interstate trucks pursuant to federal requirements. Finally, there is no nexus between out-of-state owners and the purpose for which the new revenues are to be used (statewide Amber Alerts). As such, there is a high likelihood that the fee could be successfully challenged given prior court decisions.

Analyst/Principal (0744) K.Amann	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

Runner, Sharon

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SB 1209

ANALYSIS**1. Programmatic Analysis**

Existing law:

- Establishes a vehicle registration fee of \$69.
- Authorizes local agencies to impose separate vehicle registration fee surcharges on vehicles located within their respective jurisdictions for special programs such as \$1 for fingerprint identification programs and up to \$19 for air quality programs.

This bill would:

- Impose a surcharge on the registration fee of a motor vehicle registered to an owner whose residence or business address is located outside of California.
- The amount of this surcharge would be either \$10 or an amount that equals the average of locally-imposed registration surcharges, as determined by the DMV.
- Provide that revenues, after deduction of the DMV's administrative costs, are to be split between CHP to support databases and public warning systems used to alert motorists and the general public of abductions, shootings, and other imminent threats to public safety and the Department of Justice to maintain criminal justice databases.

Discussion: The author's office asserts that vehicles registered to out-of-state owners use the same roads and receive the same service as vehicles registered to California residents, and that there is no policy-based rationale for excluding nonresidents who use the same streets and highways and receive the same services from paying a reciprocal fee equal to the average fee paid by California residents.

The CHP is responsible for statewide coordination of Amber Alerts and activates the emergency alert system when an Amber Alert is called, which includes broadcasts and use of emergency alert signs to inform motorists of critical information. While the cost of Amber Alerts varies from year to year based on the number of alerts, in 2011 the CHP activated 16 alerts and estimates costs for these activities to be \$189,000. CHP's Amber Alert activities are part of the CHP's base budget of \$1.9 billion, of which \$900 million goes to salaries for over 7,900 officers. The CHP's Amber Alert and other threat alert activities represent a minor portion of CHP's budget. The CHP anticipates using funds that would be created by this bill to maintain and upgrade its database and public safety warning systems.

The Department of Justice provides data to the CHP from its criminal data base as part of the Amber Alert system and anticipates using funding created by this bill to upgrade its database systems.

2. Fiscal Analysis

The DMV estimates programming costs of \$178,000 to set up its systems to collect and disburse the additional fee. The DMV estimates annual collect costs to be minor because it is automated. Based on a population of 172,000 vehicles registered to out-of-state addresses, the DMV estimates annual revenues to be \$1.7 million. While \$860,000 would be available for distribution to the CHP and the DOJ, the funds are subject to appropriation.

AUTHOR

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	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP						Fund	
Type	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015	Code
2720/CHP	SO	No		----	See Fiscal Summary	----			0044
2740/DMV	SO	No	A	0	A	178	A	0	0044
1141/MV Registra	RV	No	L	0	L	860	L	1,720	0044
<u>Fund Code</u>	<u>Title</u>								
0044	Motor Vehicle Account, STF								